ECONOMIC DIPLOMACY WITH AFRICA

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ABSTRACT

The Initiation of Trade and Commerce with African Countries, by India is moving into a new phase in this period Visa vis the past. India's tryst with African Nations was the support to their sentiments against colonolisation and Racism. The globalized approaches have opened out new Areas of trade and commerce in the African Continent. The compulsions on the part of India to expand its frontiers of commerce obliged the country to focus on Techno economic base in African countries. India's Cultural relationship with African States seamlessly helped through the nonaligned movement when the countries looked up on India's leadership and political will namely democratic values to expand into business value and ethics. The Indian Diaspora in East, West and South Africa has established trade over the past 5 decades in traditional commodities, raw materials. The growth in software, health care and education in India motivated the African countries to seek Indian participation in energy, housing and mining Industries.

The Exports from India in the past decade grew in west, South and East Africa as also techno co-operation in energy in North Africa.

Thus the role of India in Indo pacific, Asean and west Asia motivated the experts from India not to miss out the opportunities in Africa. If Asia is a focus, at the end of 20th Century, then the 21st Century belongs to Africa. The trends in commerce will also make India's role in strategic defense areas with Africa.

Key words: Trade, Commerce, Diaspora, Strategic intent, business values, ethics, energy, health care, education

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1. INTRODUCTION

The Realization among developing countries in Asia and Africa of the need for economic co-operation among themselves – viz the South – South Co-operation lead the foundation for India's role in African Economy and commerce. The success of India's Green Revolution, and the peaceful nuclear explosion in 1974, obliged the African countries to perceive India's growing political, military and Economic power. The expanse of Trade by India in the 1990's to 2010. Thro Globalisation and the pivotal status of India as a world leader in software exports, gathered increasing confidence in African Nations Attention to Indias Business Diplomacy. The Leap in Health care and Medical tourism in India as also the growth in education and technology assimilation focused the African leaders to engage with India in these areas.

2. KEY FACETS OF INDIA'S ENGAGEMENT IN AFRICA-

The Trade & Commerce, of India - Africa were initiated in 3 levels, Regional, Bilateral and PAN African. Africa's Relationship were fostered on India –Africa Forum submit, India regional economic communities, meetings Annual India – Africa trade ministers meet, regular meeting of joint working groups. *1 (See India and Africa Development Partnership December 2012.)

Inter - Govt joint Commissions, Foreign office consultation, business enclaves,

The Other area being the Pan – African E network project Indian

Ocean Rim Association for regional co-operation. *2 (See Ministry of External Affairs; Annual Report 2014 - 2015)

The Indo African Summit in 2008, 2011, 2015.

3. TRADE RELATIONSHIP AND INVESTMENT FLOWS BETWEEN INDIA AND AFRICA

African Leaders and Indian Industrialists have set a target of \$500 Billion to be reached by 2020. The trade scope is led by India's growing energy studies, with increase in imports from in mineral and fuels.

Africa is an important source for coal, natural gas and Uranium. India's surplus refining capacity helped Africa to secure refined petroleum vis a vis the crude imports from Africa. India's strategy to introduce duty free tariff preference will help African Countries, in the area of cash crops.

Investment flows: India's Private sector investment have been extensive in Africa and India is the fifth largest investor in Africa after US, Malaysia, France and China. Areas of investment from India – Telecom, Healthcare, agri business, Pharma and info and communications.

Major private sectors include ESSAR, Tata Steels, ONGC, Ran baxy, Cipla and Ashok Leyland Limited, and Mahendra Tractors - converging into multiple dimensions of trade and commerce. *3 India and Africa Development Partnership December 2012

4. FOCUS ON SUPPORT BY INDIA

The Line of Credit to Africa being 58% of Indias total commitment. The Major projects being. *4 India Africa Union Relations report from Govt. of India

- Industrial Park & Textile Project in Angola
- Power plant in Comoras
- Hydro power project in D.R.Cango
- Rural Electrification project in the Republic of Congo

- Fisheries development project in Senegal
- Water supply augmentation in Tanzania.
- Sugar factories in Ethiopia
- Health Project in Zambia
- Future projects include light Rapid Transport Project in Mauritius (US\$200 million dollars)
- Hydro Electric Project in Burkno Fuso (US\$184 Million dollars)
- Agriculture strengthening in Ghana (US\$150 million dollars)
- Rice self-sufficiency program in Senegal.

5. LATEST TRENDS

Capacity Building under Indian Technical and Economic Co-operation (ITEC) and Africa Centric Programmes. Africa perception of India visa vis Chinas Money power lies in the core competence of Indian Expertise in financial inclusions, business infrastructure, energy resource development and alternate sources, Infuel, Technical assistance and training of Government officials in health care.

The Domestic expertise in India helped us to gain contract in Zambia, Zimbabwe & Ethiopia Indias focus in Sub Saharan Africa for oil and gas resources. ^{*5} Based on Grants and loans to foreign Government

Figure 1 Latest Trends

5.1. Region Wise Trends – North Africa

- •Egypt was India's largest trade partner in North Africa accounting for 38.51 percent of India's trade in the region and 63.26 percent of Indian exports to the region. ^{*6} Advent of a Game Changer India's Economic Engagement in Sub-Sahara
- •Global trade of North Africa is marked by high geographic concentration and weak diversification of exports.
- •India's dependence on long stapled cotton from the region has declined sharply, while its dependence on the region for crude, inorganic chemicals and fertilizers continues. This trend is likely to continue.

5.2. Region Wise Trends - East Africa *7 Annual Action Program 2015 for Pan Africa

- East Africa occupied primacy as India's regional trading partner in Africa due to the presence of a large Indian diaspora, proximity to Indian shores and a long standing trading
- Kenya and Mauritius are major trade partners accounting for 37% and 24% respectively (in 2007-08) in India's total trade with East Africa.
- Tanzania follows as a close third accounting for nearly 17% of India's total trade with Eastern Africa in 2007-08.
- Strategically, it would benefit India to invest in processing units (technologically and financially) in this region.

5.3. Region Wise Trends - West Africa

- Nigeria is the top overall trade partner of India in Africa
- Ghana and Cote d'Ivoire in West Africa are among the top ten overall trade partners of
- Oil constitutes 84.57 % of India's imports from West Africa in 2007-08.
- India's uneven trade with the individual West African countries is directly related to the latter's relationship with their former colonists - and by default to the developed countries.
- India's trade in this region largely followed the trading pattern of British India and was tilted in favour of the Commonwealth members like Ghana and Nigeria.
- The differences between Anglo and Francophone countries of West Africa remain evident in bilateral trade patterns

5.4. Region Wise Trends - Southern Africa

- South Africa in 2007-08 accounted for 74 per cent of India's total trade with Southern Africa (74 percent of exports and 75 percent of imports).
- Angola is the second largest trading partner in Southern Africa with huge oil and diamond resources.
- Petroleum products accounts for more than 30 per cent of India's export to Southern Africa
- Among imports, gold accounts for more than 50 per cent of the value of imports.

5.5. Region Wise Trends - Central Africa

- Central Africa's share in Africa's total trade with India has declined from 2% in 2000-01 to 1%
- The remarkable development in the last five years has been the increase in **trade** share of the Chad, Democratic Republic of Congo and Rwanda
- At the same time there has been an actual decline in the share of traditional partners like Uganda and Malawi.
- This suggests a widening of trade engagement in the region.
- An aggressive development and deepening of trade relations with Chad and the Democratic Republic of Congo through increased investments in fossil fuels and minerals is required.

6. MAJOR FINDINGS – POLICY RECOMMENDATIONS ^{*10,11,12 & 13}

- Africa is enjoying its best period of sustained economic expansion since Independence.
- Africa's improved economic performance is also reflected in the smart growth in India's trade with the continent.
- Western Africa would continue to be our most important import partner until at least in the medium term on account of its wealth of natural resources and our complementary dependence on the region for oil in particular.
- East Africa however is not likely to remain India's major export destination in the African continent and will very soon yield the space to Southern Africa followed by Western Africa.
- North Africa will continue to remain an important trading partner of India on the wealth of its oil and chemical/fertilizer resources.
- The Southern African region will continue to be the most important non oil trading region for India on the basis of its market depth and size.
- The scale of investment in Africa will depend on the relative size of its natural and mineral endowments and not merely its market size and depth
- Investment in Africa will precede trade.

7. CONCLUSIONS

India's Geo Strategic position and growth in purchasing power, Stability and GDP growth average of 7.5% made African countries realized the need for trade and business co-operation with India. ^{*14}

India's Emergence as a super power in military politics and global commerce and governance – the GO economic power of India with USA, Europe, ASEAN and Japan and Australia motivated African countries to seek trade co-operation with India.

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